


Canadianwide Properties Limited

REPORT FOR THE YEAR ENDED DECEMBER 31, 1965



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SALIENT DATA

A diversified, publicly owned real estate development company.

EXECUTIVE OFFICES	<i>Thornccliffe Market Place, Toronto 17, Canada</i>
SHARES OF STOCK OUTSTANDING	<i>1,980,000 as of December 31, 1965</i>
LISTED ON THE TORONTO STOCK EXCHANGE	<i>Symbol CWL</i>
LISTED ON THE AMERICAN STOCK EXCHANGE	<i>Symbol CDW</i>
TRANSFER AGENT AND REGISTRAR (CANADA)	<i>Canada Permanent Trust Company, Toronto</i>
TRANSFER AGENT AND REGISTRAR (U.S.A.)	<i>Empire Trust Company, New York</i>
AUDITORS	<i>Ernst & Ernst, Toronto</i>
GENERAL COUNSEL (TORONTO)	<i>Tory, Tory, DesLauriers & Binnington</i>

YOUR MANAGEMENT TEAM

KENNETH M. SMITH	<i>director, president of the Company; president of Kenneth M. Smith & Co. Ltd.</i>
CLARENCE H. ADAMS	<i>director, vice-president and treasurer of the Company; vice-president and treasurer of National Equities, Inc.</i>
CHARLES KORMAN	<i>director; proprietor, Korman Associates, a commercial finance firm</i>
MARVIN KRATTER	<i>director and chairman of the board of directors; president and chairman of the board of National Equities, Inc.</i>
WILLIAM F. KOEGEL	<i>director; member of the law firm of Royall, Koegel & Rogers, New York City</i>
JAMES M. TORY	<i>director; secretary; member of the law firm of Tory, Tory, DesLauriers & Binnington</i>
ALBERT G. J. SCHILLINGER	<i>director; general manager</i>
MICHAEL T. GYI	<i>comptroller</i>

Canadianwide Properties Limited

Report from the Chairman of the Board

To all Shareholders:

I am happy to report the progress that the Company has made during the year 1965. The report of our independent auditors, Ernst & Ernst, reflects the favorable operations of the Company for the past year, and the financial condition of the Company as of December 31, 1965.

THORNCLIFFE PARK

During the 1965 fiscal year the Company continued its policy of disposing of its land holdings in Thorncliffe Park to permit their development by others. This policy was adopted some years ago with the object of creating a large working and living population in the area and thereby increasing sales in the Thorncliffe Market Place. This policy has proved successful as indicated by the substantial improvement in sales and operating results of the Market Place during the last fiscal year, and the Company is hopeful that a similar improvement will occur during the current fiscal year as a result of the development of land sold by the Company during the fiscal year ended December 31, 1965.

The development of Thorncliffe Park has continued on a most satisfactory basis. The high-rise residential area on the outer arc at the ravine edge has all been sold or is under contract for sale. It will consist of nine buildings with 18 or more floors, with a total of 3,000 suites. Four buildings have already been completed, housing 4,300 people and further completions are scheduled for three more buildings in 1966 for 3,000 people, and two in 1967 for 1,500 people.

The six medium-rise apartment buildings owned by the Company, consisting of 417 suites, were sold on July 31, 1965 in one package at cash over mortgage of \$1,500,000, resulting in a book profit of approximately \$200,000.

Due to increasing population, the public school has found it necessary to increase its size by 50% and a temporary church is being replaced by a permanent building.

All the land zoned for industrial use has now been sold and 19 buildings have been constructed and occupied. Two more are scheduled to be completed during 1966. The completed buildings include the Canadian head offices and plant of Coca-Cola Limited which opened in March 1965. This impressive head office of Coca-Cola Limited dominates the industrial area. The two-floor office building of 60,000 square feet and the plant of 180,000 square feet are situated on a 13-acre site and have 800 employees. Other buildings in the park are occupied by such prominent companies as: Xerox of Canada, Limited; Barber-Ellis Limited; Dymont Limited; Worcester Royal Porcelain Co. Limited; A. B. Dick Company of Canada Limited; American Optical Co. Limited; and Underwood of Canada Ltd. This industrial park has total buildings in excess of 800,000 square feet in which 2,500 people are employed within walking distance of the apartments, the shopping centre, schools and churches.

The land zoned commercial is more than 50% sold. It includes at the main entrance to Thorncliffe Park, the imposing York Masonic Temple consisting of four separate lodge rooms which will house 42 Masonic Lodges, and, adjacent to it, the office of the Pentecostal Assemblies of Canada. The Manufacturers Life Insurance Company, for its own investment account, in a new and novel venture, has erected six separate chalet-type office buildings totalling 60,000 square feet in an attractive, landscaped setting. There is also a Home for Senior Citizens of seven floors to accommodate 200 persons and an architecturally interesting Macedonian Church.

In the heart of the Thorncliffe Park, the 23-acre Thorncliffe Shopping Centre, comprising the first Sayvette Department Store, a Steinberg's Supermarket and a covered mall of 40 stores, is proving to be increasingly successful. The sales volume for the mall stores for the year 1965 was 22% greater than that for 1964 and the first two months in 1966 showed an even higher increase. Since the last report six stores have been leased and it is anticipated that the remaining few will be leased within the coming year.

Thorncliffe Park is an ideal community in which to live, work and shop and in recognition of this fact, it is expected that within the next two years the living and working population of Thorncliffe Park should increase from the present 9,000 to 18,000 people. This increase in population is attributable, at least in part, to the policy of the Company which requires that purchasers of land in the development must construct new buildings housing a stated minimum number of persons. The purpose of this is to benefit our investment in the shopping centre and this policy is proving itself in additional percentage rents resulting from increased sales in the stores. The increase in store rentals means a sturdy profit position for the shopping centre.

YONGE AND STEELES DEVELOPMENT

The Company also has under development a regional shopping centre project strategically located at the north end of Toronto's principal street (Yonge Street) above the city's encircling expressway. The 37-acre site at the corner of the intersection of two main streets, Yonge Street and Steeles Avenue, is practically surrounded by private dwellings. The remaining area to the northwest is developing very rapidly with more single family houses.

In November 1961, the first stage of the development was completed with the opening of a discount-type department store. A large supermarket was opened in April 1962.

The centre will include an air-conditioned and heated enclosed mall-type shopping centre containing 45 additional stores with 86,000 square feet of space and approximately 15,000 square feet of office space. The shopping centre will be tied together with the department store and the supermarket to form a single unit. Construction is nearly completed and leasing is progressing satisfactorily with a grand opening scheduled for June 1st, 1966. The mall is a further refinement of the type of shopping centre pioneered with such success at our Thorncliffe Park Market Place.

The total cost of this shopping centre upon completion will be approximately \$7,500,000, including approximately \$2,500,000 for the present construction. Leasing is being arranged on a new concept of a net lease. The rental for most of the retail stores is based upon a percentage of sales without any minimum rental for the first five years and with the tenants paying all charges, including taxes and insurance. It is projected that within three years, the mall stores will yield a satisfactory net return. The net rental income from the department store and the supermarket presently amounts to approximately \$415,000.

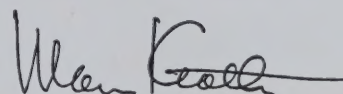
GENERAL

On June 30, 1965, The Trizec Corporation Ltd., the lessee of the former Royal Bank Building in Montreal, re-purchased our property in Montreal for \$5,500,000. This transaction was completed in accordance with an existing option to purchase owned by The Trizec Corporation Ltd. The sale price of \$5,500,000 resulted in a book profit to the Company of approximately \$901,500.

We are happy to report that Canadianwide Properties Limited has **completely paid off all mortgage debt**. At the beginning of the year we had total mortgages outstanding against our properties in Thorncliffe Park and the Yonge and Steeles development in the amount of approximately \$8,600,000. All our properties are now free and clear of any mortgage.

The Company's management gratefully acknowledges the assistance and support of all of the directors, officers, employees and stockholders of our Company and the co-operation of Her Worship, Mrs. Beth Nealson, The Mayor of Leaside, the Leaside Council and their Planning Board.

Very truly yours,



Chairman of the Board

Canadianwide Properties Limited and Subsidiary

Consolidate
DECEMBER

Assets

Cash		\$ 470,815
Accounts receivable less allowance of \$1,000		51,967
Realty mortgages receivable—Note A		377,870
Land held for improvement or sale—Note B		<u>1,635,265</u>
Developed properties (shopping centres)—on the basis of cost:		
Land	\$2,754,419	
Buildings	\$7,094,675	
Equipment	<u>1,401,155</u>	
	\$8,495,830	
Less allowances for depreciation	<u>1,560,299</u>	<u>6,935,531</u>
		\$9,689,950
Construction in progress (shopping centre)—Note C	<u>1,664,828</u>	11,354,778
Prepaid expenses and other assets		64,860
		 <u><u>\$13,955,555</u></u>

Approved on behalf of the Board:

Kenneth M. Smith, Director

A. G. J. Schillinger, Director

See Notes to Consolidated Financial Statements

Balance Sheet

31, 1965

Liabilities

Accounts payable and accrued expenses	\$ 458,931
Rents paid in advance and deposits	236,553
Estimated trunk sewer impost charges payable 1966-1968	87,918
TOTAL LIABILITIES	\$ 783,402
 DEFERRED TAXES ON INCOME—Note D	 800,000

Shareholders' Equity

Capital stock—Note E:

Authorized 2,000,000 shares, par value \$1 each		
Issued and fully paid 1,980,000 shares	\$ 1,980,000	
Premium on issue of shares	8,665,455	
	<u>\$10,645,455</u>	
Earned surplus	<u>1,726,698</u>	12,372,153
 COMMITMENTS—Notes C and F		
		<u><u>\$13,955,555</u></u>

AUDITORS' REPORT

To the Shareholders,
CANADIANWIDE PROPERTIES LIMITED.

We have examined the consolidated financial statement of Canadianwide Properties Limited and subsidiary for the year ended December 31, 1965. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of income and surplus present fairly the consolidated financial position of Canadianwide Properties Limited and its subsidiary at December 31, 1965, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

February 24, 1966.

ERNST & ERNST
Chartered Accountants

Canadianwide Properties Limited and Subsidiary

Statement of Consolidated Income and Surplus YEAR ENDED DECEMBER 31, 1965

Gross rental income.....	\$ 2,055,502	
Less operating expenses (excluding interest).....	<u>424,123</u>	\$1,631,379
Sale of land and developed properties.....	\$18,532,112	
Less cost of land and developed properties sold.....	<u>16,646,445</u>	1,885,667
Interest earned (\$142,706) and miscellaneous income.....		<u>143,303</u>
		\$3,660,349
Deduct:		
Administrative and general expenses (including \$600 remuneration of directors).....	\$ 216,396	
Interest on mortgages now repaid.....	842,811	
Other interest.....	<u>13,953</u>	<u>1,073,160</u>
INCOME BEFORE DEPRECIATION, AMORTIZATION AND OTHER NON-CASH CHARGES.....		\$2,587,189
Depreciation, amortization and other non-cash charges:		
Depreciation of properties, etc.....	\$ 617,171	
Amortization of pre-opening expenses of shopping centre.....	15,799	
Provision for deferred taxes on income—Note D.....	<u>435,000</u>	<u>1,067,970</u>
NET INCOME.....		<u>\$1,519,219</u>
Surplus at January 1, 1965.....		<u>207,479</u>
SURPLUS AT DECEMBER 31, 1965.....		<u><u>\$1,726,698</u></u>

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

DECEMBER 31, 1965

NOTE A—REALTY MORTGAGES RECEIVABLE

Realty mortgages receivable consist principally of a mortgage for \$369,170, interest 7 per cent, maturing October 14, 1966, and representing the balance of payment on a parcel of land sold at a total price of \$758,340. Other amounts are charges on land (previously sold) for services installed.

NOTE B—LAND HELD FOR IMPROVEMENT OR SALE

Land is stated at cost plus development and carrying charges appropriately adjusted for sales, transfers to developed properties and expropriations. Additional costs added during the year included carrying charges of \$156,961. Recent sales have been in excess of carrying amounts of parcels sold.

NOTE C—CONSTRUCTION IN PROGRESS

These expenditures relate to the construction of an addition to a shopping centre in northern Metropolitan Toronto. It is estimated that the completion of the project will require expenditures of \$850,000.

NOTE D—DEFERRED TAXES ON INCOME

Taxes on income have been computed on the income of the Company in accordance with the provisions of the Income Tax Act. However, available capital cost allowance has been claimed in income tax returns filed in amounts in excess of depreciation recorded in the accounts, creating losses which will defer the payment of taxes on income provided.

NOTE E—CAPITAL STOCK

On March 22, 1963, by resolution of the Board of Directors, approved by the shareholders at a meeting held June 25, 1963, the following options to purchase capital stock were authorized:

- (1) to an employee to purchase up to 1,000 shares at \$4 per share exercisable to December 18, 1968;
- (2) to an employee to purchase up to 1,500 shares at \$4 per share exercisable to March 22, 1969.

The quoted price of the shares on March 22, 1963, was \$5 per share (aggregate amount \$12,500). No shares have been issued under these options.

NOTE F—COMMITMENTS

Sayvette Limited holds a five-year option expiring in November 1966, to purchase the Company's shopping centre in northern Metropolitan Toronto. The option price is 115 per cent of the entire cost of the centre to the Company which at December 31, 1965, was approximately \$6,250,000.

Shatt made 804 a share. When a dividend.

(long soufflé) SH.

Kratt ✓ same boat. A no div policy ~~have lost interest~~
Idea is get any + secure + pos by the debt
+ use ^{really snowball} to over inv. to make more money.

Shatt - is it endless chain going on or?

entitled to policy statement

Kratt - For 1st time debt free but funds A / can't do
other projects)

at 85% holdn very interests, same + moving SH
A not had any return either.

~~SH~~
After only Kratt compared, ^{seemingly} w/ Saltzman.

Kratten repairs similar to - give details of recent land sale
Smitt asks for breakdown of living sum figure - report
Kratten Do you want to answer question for
only to appx of council & make award policy on audit
point - passed on.

Toy - ~~Smitt~~ Kratten this is paper from. On being given

Kratten never before asked for details of land sales

Smitt - ask re NY legal

Kratt - council tells me ~~that~~ is no merit - act 10
adeq depn
It's not act vs con.

Smitt who are NY eds (Cong?
Royal K. Hall, Rogers.

Koegl - ~~Kratt~~ - appeared { & depts
Charity & Dep?
CW health
Kratten
Adams

Kratten Council also think act is merit

Kratt next completed land btm of pue bldg + monument on Overla
6.6 acres - would say price, he tells Salzman.

another
Smitt

Kratten - don't sit pure on land. Tell prop purchase
to make a bet.

Hester
Smitt ask re 241000 live sales
St Thomas
Adams 28,600 is total salaries

Kratt private & turn over to Tony, Secretary.

Kratt remains & open to questions

to my dear. He found it agreed - me.
agreed that & where / income cont. increase,
land sale going well
just the combined sale for the remaining corn land
in Overlea.

There, County - year June 1.

- No mortgage debt on either of either or remaining land
at end of 64 - 8.817 mortgage debt

6 year of pro proper

apt. for
Lael Saltzman
rept. God Smith

Smoot - rel of land figure to actual appraisal

Kratt - no recent appraisal
land is carried at cost + improvements + carrying charges
I can say - paid every unit sale above

Smoot - carrying cost
want to know if of price above carrying cost.
Krat - would arrive. STC would put appraisal balance sheet

Kratt - It would be illegal for me to state value base
if we unaware - CD evening I would be
pos of stake value I could substantiate

Smoot - want to know value of equity

Kratt - I would be put - that position

Smoot - want sale price of equity

Kratt - would be put - that position
I would be put negotiating arrangement
to prospective customer